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200 NORTH THIRD STREET, SUITE 300
P.O. Box 12105
HARRISBURG, PA 17108-2105
(717) 232-8199
FACSIMILE: (717) 232-8720

LONDON
A MULTINATIONAL
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June 15, 2006

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PUBLIC SERVICE
COMMISSION

Beth A. O'Donnell, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40602

RE: **Administrative Case No. 2006-00045**

Dear Ms. O'Donnell:

Please find enclosed the original and twelve (12) copies of the Intervenor Testimony on behalf of Hunt Technologies, Inc. and Cellnet Technology, Inc. to be filed in above-referenced matter.

By copy of this letter, all parties listed on the attached Certificate of Service have been served. Please place these documents in the official file.

Sincerely,



Scott H. DeBroff, Esquire
LeBoeuf, Lamb, Greene & MacRae
Counsel for Hunt Technologies, Inc. &
Cellnet Technology, Inc.

SHD/bla

Cc: Certificate of Service

**BEFORE THE
KENTUCKY PUBLIC SERVICE COMMISSION**

**IN THE MATTER OF:
CONSIDERATION OF THE REQUIREMENTS
OF THE FEDERAL ENERGY POLICY ACT
OF 2005 REGARDING TIME-BASED
METERING, DEMAND RESPONSE, AND
INTERCONNECTION SERVICE**

CASE NO. 2006-00045

**INTERVENOR TESTIMONY
ON BEHALF OF
HUNT TECHNOLOGIES, INC. & CELLNET TECHNOLOGY, INC.**

AND NOW COMES **Scott H. DeBroff, Esquire** of LeBoeuf, Lamb, Greene & MacRae LLP, on behalf of his clients, **Cellnet Technology, Inc. ("Cellnet")** and **Hunt Technologies, Inc. ("Hunt")**, also known as the **Companies'**, for the purpose of this "Intervenor Testimony" with respect to the proceedings of the Kentucky Public Service Commission ("KPSC" or the "Commission") to permit the Commission to consider the requirement of the Federal Energy Policy Act of 2005 regarding time-based metering, demand response and interconnection service. The Companies offer the following statement onto the record as their "Testimony" in this proceeding:

1. Hunt and Cellnet are parties interested in the above-captioned docket as meter technology providers to utilities in the State of Kentucky and across the country.
2. The above-captioned proceeding was docketed by the Commission and an Order entered for a proceeding to permit the Commission to consider the requirements of the federal Energy

Policy Act of 2005 regarding time-based metering, demand response, and interconnection service on February 24, 2006.

3. **Hunt Technologies, Inc.** ("Hunt") delivers industry-leading advanced metering infrastructure (AMI) solutions to the electric, water and natural gas utilities markets. With world headquarters in Pequot Lakes, Minnesota, Hunt develops and supports hardware and software for more than 480 customers worldwide. Hunt has been involved in EPACT 2005 smart metering proceedings in more than ten (10) states and has a significant interest in the outcome of this proceeding.

4. **Cellnet Technology, Inc.** ("Cellnet") is the leading provider of real-time automated meter reading (AMR) and automation solutions to the utility industry. Based in Atlanta, Georgia, Cellnet supplies gas, water, and electric utilities with highly reliable, field-proven products that enable them to communicate with residential and commercial and industrial (C&I) meters using wireless and IP network communications. The Cellnet system combines fixed network AMR technology with wireless mesh technology to bring the most comprehensive offering—merging scalability, flexibility, and cost-effectiveness—available in the market today. Cellnet is dedicated to combining its leading technology and proven industry experience to continue to provide the industry with the most reliable and proven AMR solutions available.

5. The Federal Energy Policy Act of 2005 requires each state public utility commission to consider and make a determination regarding four "standards," unless the state already has a comparable standard in effect, or the state commission has already conducted a proceeding considering implementation of a comparable standard, or the state legislature has already voted on the implementation of a comparable standard.

6. Of particular importance to Cellnet and Hunt in this proceeding is the fourth standard, found in Section 1252 of the Energy Policy Act of 2005, which says that each electric utility shall offer each of its customer classes, and provide individual customers upon customer request, a time-based rate schedule under which the rate charged by the electric utility varies during different time periods and reflects the variance, if any, in the utility's costs of generating and purchasing electricity at the wholesale level. The time-based rate schedule shall enable the electric consumer to manage energy use and cost through advanced metering and communications technology. Each electric utility shall provide each customer requesting a time-based rate with a time-based meter capable of enabling the utility and customer to offer and receive such rate, respectively.

7. The Kentucky Public Service Commission launched an EPACT 2005 proceeding via its Order of February 24, 2006, making all jurisdictional electric utilities parties to the proceeding, and collected responses to the Commission's informational requests from them.

8. On May 10, 2006, the Commission held an "Informal Conference" amongst the parties, and there was a very interactive discussion on the EPACT 2005 law and the interests of the utilities in relation to advanced metering and time-based rate issues in Kentucky.

9. On or about May 18, 2006, the jurisdictional electric utilities filed their Direct Testimony in the above-captioned rulemaking. This is Hunt and Cellnet's position statement in lieu of testimony.

10. The Companies are primarily supportive of the direct testimony as filed by the jurisdictional utilities and offers these comments. The Companies agree with Duke Energy Kentucky's testimony of Bruce L. Sailors where he discusses the point that smart metering

will require a cost-benefit analysis before a utility would want to invest in building out such an infrastructure. There will certainly have to be advantages to both utility and customer for investment in an advanced metering infrastructure, and efforts in other states such as California and Oregon bear that out.

11. The Companies also support some of the testimony provided by EON, or Louisville Gas & Electric Company/Kentucky Utilities Company. In the testimony of Kent Blake, we understand that certain kinds of smart metering, time-based rates, and demand response programs will likely function better or worse in certain areas of Kentucky than others depending on logistical challenges, consumption patterns, and other issues that vary from area to area and utility to utility.

12. The Companies support similar proposals in the testimony of East Kentucky Power Cooperative ("EKPC"). We would support the EKPC and its member systems in their continued offer of time-of-day price signals to large commercial and industrial customers in order to foster informed decisions about the advantages of shifting load to the off-peak time period. They believe that the Commission should authorize a survey of customers to see if there is interest in Kentucky to warrant the program. We would be supportive of that if there was sufficient customer education either prior to or concurrent with such a survey. If enacted, they recommended a statewide program where various utilities could demonstrate and utilize selected technologies. We would also support that process, but with all of the technology companies in the market, there may have to be some working rules in place in order to make sure that viable technologies would be readily available to those utilities who wanted to test their capabilities. Finally, EKPC recommended that they be allowed to have a limited pilot program for Blue Grass

Energy and Nolin RECC, as those systems already have advanced meter reading technology in place and can implement a pilot with limited cost. Without drilling down to specific utilities that have installations with specific technology providers, we would certainly support the implementation of pilot programs for all utilities that had made investments in AMI technology in order to test their system capabilities, provided the costs of such programs are borne by the benefiting entities.

13. Finally, the Companies also support very similar thoughts around smart metering issues as expressed by Big Rivers Electric Corporation and its three distribution member cooperatives: Jackson Purchase Energy Cooperative (“JPEC”), Kenergy Corp. (“Kenergy”), and Meade County Rural Electric Cooperative Corporation (“Meade County RECC”). We support the discussion of Mr. Pogue regarding his concern about their ability to recover the costs of an advanced metering infrastructure and assurance of no cross-subsidization of those costs. Finally, they have specific concerns in regards to Meade County RECC, as they are currently installing a Hunt AMI system. We are cognizant that there are many technology providers deploying their systems in Kentucky and in other states at the present time. We are certainly supportive when a utility is investing in a new technology and there are regulatory processes that could result in some adverse financial impact for the utility during such activity. We believe that utilities need to be comfortable in the knowledge that when they seek to invest in an advanced technology to provide operational efficiencies for the utility and customer facing benefits to the end users, they must be protected when making such investments.

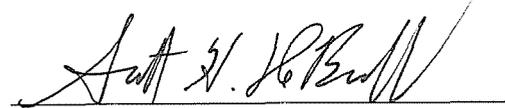
14. The Companies look forward to working with the Commission, the utilities, and the other parties to this proceeding, in having a full and fair discussion around the issue of smart metering,

and allowing all of the relevant information regarding smart metering and time-based rate options to be presented.

Respectfully submitted,

Dated: **June 15, 2006**

By:



Scott H. DeBroff, Esquire

LeBoeuf, Lamb, Greene & MacRae, L.L.P.

200 North Third Street, Suite 300

P.O. Box 12105

Harrisburg, PA 17108-2105

Tel: (717) 232-6453

Fax: (717) 232-8720

eMail: sdebross@llgm.com

**Counsel for
Hunt Technologies, Inc. &
Cellnet Technology, Inc.**

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**IN THE MATTER OF:
CONSIDERATION OF THE REQUIREMENTS
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CASE No. 2006-00045

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing has been sent by U.S. First Class mail, facsimile, electronically or hand delivery, to all parties of record in this proceeding:

Allen Anderson
South Kentucky R.E.C.C.
P. O. Box 910
925-929 N. Main Street
Somerset, KY 42502-0910

Mark A. Bailey
Kenergy Corp.
3111 Fairview Drive
P. O. Box 1389
Owensboro, KY 42302

Michael S. Beer
VP - Rates & Regulatory
Kentucky Utilities Company
c/o Louisville Gas & Electric Co.
P. O. Box 32010
Louisville, KY 40232-2010

Honorable Jason R. Bentley
Attorney at Law
McBrayer, McGinnis, Leslie
& Kirkland PLLC
305 Ann Street
Suite 308
Frankfort, KY 40601

Kent Blake
Director- State Regulation and Rates
Louisville Gas and Electric Company
220 W. Main Street
P. O. Box 32010
Louisville, KY 40232-2010

Honorable David F. Boehm
Attorney at Law
Boehm, Kurtz & Lowry
36 East Seventh Street
2110 CBLD Building
Cincinnati, OH 45202
dboehm@bkllawfirm.com

Dudley Bottom, Jr.
Shelby Energy Cooperative, Inc.
620 Old Finchville Road
Shelbyville, KY 40065

Daniel W. Brewer
Blue Grass Energy Cooperative Corp.
P. O. Box 990
1201 Lexington Road
Nicholasville, KY 40340-0990

Jackie B. Browning
Farmers R.E.C.C.
504 South Broadway
P. O. Box 1298
Glasgow, KY 42141-1298

Sharon K. Carson
Finance & Accounting Manager
Jackson Energy Cooperative
P. O. Box 307
U. S. Highway 421S
McKee, KY 40447

Honorable Elizabeth L. Cocanougher
Senior Corporate Attorney
Kentucky Utilities Company
c/o Louisville Gas & Electric Co.
P. O. Box 32010
Louisville, KY 40232-2010

Lawrence Cook
Assistant Attorney General
Office of the Attorney General
Utility & Rate Intervention Division
1024 Capital Center Drive
Suite 200
Frankfort, KY 40601-8204
Larry.Cook@ag.ky.gov

Michael H. Core
Big Rivers Electric Corporation
201 Third Street
P. O. Box 24
Henderson, KY 42420

Honorable Scott H. DeBroff
Attorney at Law
LeBoeuf, Lamb, Greene & MacRae LLP
200 North Third Street, Suite 300
P.O. Box 12105
Harrisburg, PA 17108-2105
sdebroyff@lbgm.com

Paul G. Embs
Clark Energy Cooperative, Inc.
P. O. Box 748
2640 Ironworks Road
Winchester, KY 40392-0748

Carol H. Fraley
President and CEO
Grayson R.E.C.C.
109 Bagby Park
Grayson, KY 41143

James B. Gainer
Legal Division
The Union Light, Heat and Power
Company
139 East Fourth Street
Cincinnati, OH 45202

Ted Hampton
Cumberland Valley Electric, Inc.
Highway 25E, P. O. Box 440
Gray, KY 40734

Larry Hicks
Salt River Electric Cooperative
Corp.
111 West Brashear Avenue
P. O. Box 609
Bardstown, KY 40004

Kerry K. Howard
Licking Valley R.E.C.C.
P. O. Box 605
271 Main Street
West Liberty, KY 41472

James L. Jacobus
Inter-County Energy Cooperative
Corporation
1009 Hustonville Road
P. O. Box 87
Danville, KY 40423-0087

Honorable Tyson A. Kamuf
Attorney at Law
Sullivan, Mountjoy, Stainback
& Miller, PSC
100 St. Ann Street
P.O. Box 727
Owensboro, KY 42302-0727

Honorable Lisa Kilkelly
Attorney at Law
Legal Aid Society
425 West Muhammad Ali Boulevard
Louisville, KY 40202
lkilkelly.laslou.org

Robert M. Marshall
Owen Electric Cooperative, Inc.
8205 Highway 127 North
P. O. Box 400
Owenton, KY 40359

Burns E. Mercer
Meade County R.E.C.C.
P O Box 489
Brandenburg, KY 40108-0489

Michael L. Miller
President & CEO
Nolin R.E.C.C.
411 Ring Road
Elizabethtown, KY 42701-8701

Honorable James M. Miller
Attorney at Law
Sullivan, Mountjoy, Stainback
& Miller, PSC
100 St. Ann Street
P.O. Box 727
Owensboro, KY 42302-0727
jmiller@smsmlaw.com

Timothy C. Mosher
American Electric Power
101A Enterprise Drive
P O Box 5190
Frankfort, KY 40602

Barry L. Myers
Manager
Taylor County R.E.C.C.
100 West Main Street
P. O. Box 100
Campbellsville, KY 42719

G Kelly Nuckols
Jackson Purchase Energy Corporation
2900 Irvin Cobb Drive
P. O. Box 4030
Paducah, KY 42002-4030

Anthony P. Overbey
Fleming-Mason Energy Cooperative
P O Box 328
Flemingsburg, KY 41041

Honorable Mark R. Overstreet
Attorney at Law
Stites & Harbison
421 West Main Street
P O Box 634
Frankfort, KY 40602-0634
moverstreet@stites.com

Roy M. Palk
East Kentucky Power Cooperative,
Inc.
4775 Lexington Road
P O Box 707
Winchester, KY 40392-0707

Honorable Kendrick R. Riggs
Attorney at Law
Stoll Keenon Ogden PLLC
1700 PNC Plaza
500 West Jefferson Street
Louisville, KY 40202
kendrick.riggs@skofirm.com

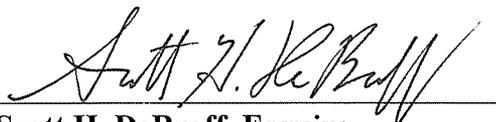
Bobby D. Sexton
President/General Manager
Big Sandy R.E.C.C.
504 11th Street
Paintsville, KY 41240-1422

David A. Spainhoward
Vice President
Big Rivers Electric Corporation
201 Third Street
P. O. Box 24
Henderson, KY 42420
dspainhoward@bigrivers.com

This is the Service List for Case 2006-00045

Respectfully submitted,

Dated: **June 15, 2006**

By: 
Scott H. DeBroff, Esquire
LeBoeuf, Lamb, Greene & MacRae, L.L.P.
200 North Third Street, Suite 300
P.O. Box 12105
Harrisburg, PA 17108-2105

Tel: (717) 232-6453
Fax: (717) 232-8720
eMail: sdebross@llgm.com

**Counsel for
Cellnet Technology, Inc. &
Hunt Technologies, Inc.**